

Sample Letter to Owner

Date

To: Owner

Re: *BIN #, Development Name*

Dear Mr Jones:

Based on our records, it appears that your development [will complete] [completed] the fourteenth year of its compliance period on December 31, 2003. Sections 42(h)(6)(E)-(K) of the Internal Revenue Code (“Code”) allow you, anytime after the completion of the fourteenth year of the compliance period through December 31, 2019 (i.e., the end of the extended use period under your Tax Credit Regulatory Agreement), to request that the Indiana Housing and Community Development Authority (HCDA) present a “qualified contract” (“Qualified Contract”) for the purchase of your Development.

A request that HCDA present a Qualified Contract for your Development must be made by completing and returning to me the attached form of Qualified Contract Notification Letter (“Notification Letter”), together with all the required materials. Unless you agree in writing to a longer period, HCDA will have one year from its receipt of the Notification Letter to present a Qualified Contract for the purchase of your Development. Please note that the one-year period will not start to run until HCDA receives the Notification Letter and all of the information that must accompany the letter.

If HCDA fails to present a Qualified Contract before the expiration of the one-year period (or such longer period as you may agree to in writing), your development will remain subject to the requirements set out in Section 42(h)(6)(E)(ii); that is, for a three-year period commencing on the termination of the extended use period, you may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit, or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the Code, as well as the requirements of your regulatory agreement.

Before HCDA can commence marketing your Development, it must know the sales price, in this case, the Qualified Contract price. This price is determined pursuant to the formula set forth in Section 42(h)(6)(F)-(H) of the Code. We have prepared the attached “Calculation of Qualified Contract Price” form in order to assist you with the

calculation and to allow HCDA staff to verify that you have correctly calculated the Qualified Contract price. This form must be fully completed and returned with the Notification Letter (together with the other required materials). Please note that this form must either be prepared, or approved and reviewed, by a certified CPA.

If you file a Notification Letter with HCDA, you should understand that HCDA will require your continuous and active participation in the marketing and sale of your Development during the one-year period. You will be expected to respond to inquiries from HCDA or its agents and prospective purchasers in a timely and commercially reasonable fashion and generally conduct yourself in the same manner as any motivated seller.

Should you have any questions about this process or about any of the enclosed forms, please feel free to contact me at 317-233-1812 or toll free at 800 872-0371. Thanks you.

Sincerely,

Mark Young
Tax Credit Compliance Manager

Attachments